

**REPORT NO: 452**

**REBATE OF DUTY ON CERTAIN FABRICS  
FOR THE MANUFACTURE OF  
UPHOLSTERED FURNITURE**

The International Trade Administration Commission of South Africa herewith presents its  
**Report No. 452: Rebate of duty on certain fabrics for the manufacture of upholstered furniture**



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**SIYABULELA TSENGIWE**  
**CHIEF COMMISSIONER**

PRETORIA

.....04 / 02 / 2014

**REPUBLIC OF SOUTH AFRICA**

**INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA**

**REPORT NO. 452**

**REBATE OF DUTY ON CERTAIN FABRICS FOR THE MANUFACTURE OF UPHOLSTERED FURNITURE**

**SYNOPSIS**

Bravo Group Manufacturing (Pty) Ltd applied for the creation of rebate provisions for:

- Other woven fabrics containing 85 per cent or more by mass of non – textured polyester filaments, classifiable in tariff subheading 5407.61 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Chenille fabrics, classifiable in tariff subheading 5801.36 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Other textile fabrics impregnated, coated or covered or laminated with polyurethane, classifiable in tariff subheading 5903.20.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Other rubberized textile fabrics, classifiable in tariff subheading 5906.99.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01; and
- Textile fabrics otherwise impregnated, coated or covered, classifiable in tariff subheading 5907.00.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.

The Commission found that there are SACU manufacturers for products classifiable under tariff subheadings 5906.99.90 and 5801.36, and that duty relief in the form of a rebate provision would erode the support and encouragement afforded to the domestic textile manufacturing industry.

However, the Commission found that the products classifiable under tariff subheadings 5407.61, 5907.00.90 and 5903.20.90 are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the industry manufacturing upholstered furniture to increase its production and domestic market share.

The rebate provisions will be made subject to a permit issued by ITAC and will be strictly controlled to monitor the growth in production, employment and investment.

## THE APPLICATION AND TARIFF POSITION

Bravo Group Manufacturing (Pty) Ltd, applied for the creation of rebate provisions for:

- Other woven fabrics containing 85 per cent or more by mass of non – textured polyester filaments, classifiable in tariff subheading 5407.61 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Chenille fabrics, classifiable in tariff subheading 5801.36 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Other textile fabrics impregnated, coated or covered or laminated with polyurethane, classifiable in tariff subheading 5903.20.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Other rubberized textile fabrics, classifiable in tariff subheading 5906.99.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01; and
- Textile fabrics otherwise impregnated, coated or covered, classifiable in tariff subheading 5907.00.90 for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.

As reasons for the application, the applicant stated that the abovementioned intermediate products are not produced in the SACU and that the current rate of duty is a disadvantage, especially in the face of stiff competition experienced from foreign manufacturers of upholstered furniture.

The application was published in the Government Gazette on 19 April 2013, for comments by interested parties.

The tariff position for both input materials and end products are shown in the tables below:

**Table 1: Tariff structure of the products in question – input material**

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
54.07		<b>Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04:</b>				
	5407.6	<b>Other woven fabrics, containing 85 per cent or more by mass of textured polyester filaments:</b>				
	5407.61	Containing 85 per cent or more by mass of non – textured polyester filaments	22%	10%	10%	Free
58.01		<b>Woven pile fabrics and chenille fabrics (excluding fabrics of heading 52.08 or 58.06:</b>				
	5801.3	<b>Of man-made fibres:</b>				
	5801.36	Chenille fabrics	22%	10%	10%	Free
59.03		<b>Textile fabrics impregnated, coated, covered or laminated with plastics (excluding those of heading 59.02:</b>				
	5903.2	<b>With polyurethane:</b>				
	5903.20.90	Other	22%	10%	10%	Free
59.06		<b>Rubberized textile fabrics (excluding those of heading 59.02):</b>				
	5906.9	<b>Other:</b>				
	5906.99.90	Other	15%	9%	9%	Free
5907.00		<b>Textile fabrics otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or like:</b>				
	5907.00.90	Other	22%	10%	10%	Free

(Source: SARS)

The tariff position for the end product is shown in the table below:

**Table 2: Tariff structure of the products in question – end product**

Heading	Sub-heading	Article Description	Rate of Duty			
			General	EU	EFTA	SADC
94.01		<b>Seats (excluding those of heading 94.02), whether or not convertible into beds, and parts thereof:</b>				
	9401.30	Swivel seats with variable height adjustments	20%	Free	20%	Free
	9401.40	Seats (excluding garden seats or camping equipment), convertible into beds	20%	Free	20%	Free
9401.5		<b>Seats of cane, bamboo or similar materials</b>				
	9401.51	Of bamboo or rattan	20%	Free	20%	Free
	9401.59	Other	20%	Free	20%	Free

<b>9401.6</b>		<b>Other seats, with wooden frames:</b>				
	9401.61	Upholstered	20%	Free	20%	Free
	9401.69	Other	20%	Free	20%	Free
<b>9401.7</b>		<b>Other seats, with metal frames</b>				
	9401.71	Upholstered	20%	Free	20%	Free
	9401.79	Other	20%	Free	20%	Free
	9401.80	Other seats	20%	Free	20%	free

(Source: SARS)

## THE INDUSTRY AND MARKET

Bravo Group (Pty) Ltd is the largest manufacturer of upholstered furniture in the SACU. In terms of domestic production, the applicant has a market share of 35%; other domestic manufacturers 30%; while the remaining 35% is imported.

## COMPETITIVE POSITION

According to information at the Commission's disposal, the industry manufacturing upholstered furniture, such as lounge suites, experience fierce competition from abroad with concomitant gradual erosion in market share.

## COMMENTS ON THE APPLICATION

Comments in support of the application were received from the Textile Federation (TEXTFED) for products classifiable under tariff subheadings 5407.61, 5907.00.90 and 5903.20.90, which are not manufactured domestically. However, products classifiable under tariff subheadings 5906.99.90 and 5801.36 are manufactured in the SACU and the request for rebate provisions for these materials were not supported.

## FINDINGS

The Commission found that there are SACU manufacturers for products classifiable under tariff subheadings 5906.99.90 and 5801.36, and that duty relief in the form of a rebate provision would erode the support and encouragement afforded to the domestic textile manufacturing industry.

However, the Commission found that the products classifiable under tariff subheadings 5407.61, 5907.00.90 and 5903.20.90 are not manufactured domestically. The recommended rebate of duty provisions would appreciably reduce manufacturing costs and would enable the

industry manufacturing upholstered furniture to increase its production and domestic market share.

The rebate provisions will be made subject to a permit issued by ITAC and will be strictly controlled to monitor the growth in production, employment and investment.

## **RECOMMENDATION**

In light of the foregoing, the Commission recommends that the following rebate provisions be introduced:

- Woven fabrics, containing 85 per cent or more by mass of non-textured polyester filaments, classifiable in tariff subheading 5407.61, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01;
- Other textile fabrics impregnated, coated or covered or laminated with polyurethane, classifiable in tariff subheading 5903.20.90, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01; and
- Textile fabrics otherwise impregnated, coated or covered, classifiable in tariff subheading 5907.00.90, in such quantities, at such times and subject to such conditions as the International Trade Administration Commission may allow by specific permit, for use in the manufacture of upholstered furniture classifiable in tariff heading 94.01.

[37/2012]